

# Using Technology to Advance Treasury Operations

Technology increases the opportunity for treasury centralization, standardization and enables treasurers to demonstrate control over activities and perform tasks more effectively. Software companies continue to innovate and deploy SaaS technology that helps automate and simplify the various processes corporate treasury supports. Automation streamlines processes, improves accuracy and traceability in calculations and provides a more transparent and up-to-date view of the company's financial situation. We see the benefits companies reap from leveraging Treasury Management Systems (TMS) and other software to manage liquidity and risk functions. Additionally, the use of APIs and AI have brought forth more capabilities, such as real-time access to key data across organizations and financial institutions and analytics that until now were difficult to develop with existing tools.

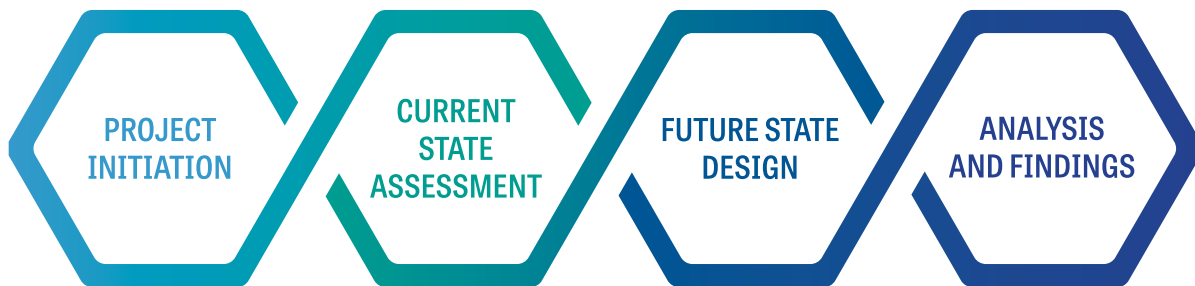


## Best Practices for Treasury Implementations

The foundation of a successful Treasury Transformation initiative is establishing a clear vision of the desired future state processes and controls, team roles and responsibilities, and treasury technology architecture. In order to design a robust future state, a clear view of the current state must exist. The first step in the process is to distribute a detailed questionnaire covering each functional area and obtain responses. These responses will allow you to gain a deeper understanding of the current state before engaging in the interview process. Next, you conduct detailed interviews and process walkthroughs to confirm the current state and assess opportunities for enhancements while brainstorming solutions and prioritizing deliverables. Below is a diagram of this process.

## KEY ACTIVITIES

- Provide targeted client questionnaire to obtain understanding of current state
- Confirm scope and format of deliverables
- Hold project kick-off to ensure alignment
- Conduct stakeholder Interviews
- Perform shadowing of existing processes
- Define business and technology architecture
- Define current state processes
- Document and prioritize needs
- Conduct peer benchmarking assessment
- Propose future state design
- Identify opportunities for process and technology improvements
- Review and refine recommendations
- Create prioritized roadmap with impact analysis
- Present recommendations



## FOCUS AREAS

- Knowledge transfer
- Scope confirmation
- Stakeholder alignment
- Clarity of current state
- Requirements prioritization
- Benchmarking
- Future state design
- Recommendations
- Roadmap
- Stakeholder agreement

### Integrating New Treasury Technology

Even with the increased adoption of technology in treasury departments, there is room for improvement. To start, all stakeholders must have buy-in and a detailed **change management plan** in place. **Educate** the teams on the **WHY** it is important to automate routine treasury tasks to reduce manual errors, increase operational efficiency, and free up their time for more strategic initiatives. Resistance to use can be detrimental to success. **Constant communication** and buy-in along the way will ensure a smooth adoption. Another factor for strong adoption engagement is **hands-on experience** for users, from design through training to UAT. The more exposure a treasury team has throughout the implementation, the more likely the team is to adopt and continue using the new solution. Additionally, treasury teams must invest in **training and cross-training** to account for any turnover and knowledge of the system's use. Also, **ensure proper system maintenance** and assessments to optimize the system and implement yearly enhancements. Actualize will typically do a system **health check** after a year in production to help businesses determine how to maximize their capabilities. Some other areas to consider with system integration:

- › **Integrate Solutions:** Streamline integration platforms to connect diverse systems. Leverage APIs to increase STP and connect Treasury to dedicated business intelligence and reporting tools.
- › **Innovate Cybersecurity:** Advanced threat detection and security measures to help protect company data.
- › **Invest in Cloud Solutions:** Use for cost savings and scalability. Cloud systems allow for greater accessibility, data privacy, disaster recovery, and collaboration among various teams within a firm.
- › **Have Online Training Resources:** User-friendly web-based training materials can improve the end-user experience and skill level when using treasury technology tools in their day-to-day work.
- › **Apply Machine Learning/AI Solutions:** Improve reconciliation percentages and generate baseline cash forecasts.
- › **Data Security:** Ensure the solutions are implemented with a complete evaluation of the systems they use to host and transmit data and confirm that the data is secure.

### Existing Gaps in Technology Identified

With significant progress in treasury technology, we still see gaps that must be addressed. Below are some examples of these gaps:

- › **Blockchain Integration:** The adoption of blockchain technology for trade finance and cross-border payments is on the rise. However, TMS solutions do not always offer robust integration with blockchain networks, potentially missing opportunities for cost reduction and efficiency gains.
- › **Scalability:** Some TMS solutions do not easily scale to accommodate the needs of rapidly growing organizations or handle sudden increases in transaction volumes. There may be an upper limit to how much data storage a single database can handle.
- › **AI and Predictive Analytics:** While AI is used for data analysis, the use of advanced predictive analytics to forecast cash flows and make investment decisions could be improved to utilize more sophisticated algorithms.
- › **User Experience:** A more intuitive and user-friendly interface could improve the overall user experience in TMS platforms.
- › **Mobile Capability:** The current level of investment by TMS vendors in mobile solutions doesn't yet reflect the new reality of many people regularly working away from the office or their desks.
- › **Connectivity:** There are still challenges in smaller financial institutions where the lack of investment in technology limits connection and access to data to smaller banks.

## What to Prioritize in Treasury Technology

It can be overwhelming to know where to start when implementing new technology. Some ideas on how to prioritize your technology projects.

- **Conduct a Current and Future State Analysis:** As mentioned above, this is a best practice. A strong and efficient architecture design will optimize processes and ensure any technology implemented is used to its fullest potential.
- **Document the Return on Investment (ROI):** A clear ROI makes it much easier to get buy-in for projects when a financial upside is demonstrated. Examples include bank fees or enhanced investment analysis solutions, where savings or yields can quickly cover the project's cost.
- **Build a Strong Business Case:** This will show WHY it is important to adopt new technology.
- **Gain Leadership Buy-In:** For technology projects across impacted departments and to ensure appropriate resources are available for the project, whether internal to Treasury or using external consultants.
- **Transition Away from Excel and Manual Processes:** A TMS will automate tasks such as bank reporting and cash positioning, financial instrument settlements and accounting, and streamline payment processes.
- **Optimize Technology:** For example, with payments, ensure preparedness for the upcoming ISO 20022 transition and availability of real-time payment methods.
- **Allow Time:** Properly allocate time to adequately test all use cases to ensure the system meets all requirements.
- **Cross-Train:** Safeguard a backup structure for unplanned employee departures. We suggest monthly job sharing to ensure others can complete processes and use systems.
- **Maintenance:** Confirm the vision holds true past implementation and that users are actively using the tools to their full potential. Create processes to maintain core data and investigate newly released technology features.

